United States Environmental Protection Agency Criminal Investigation Division

0202-0028 Case Number

Investigation Summary Report

Case Title: Reporting Office:

AAR ENVIRONMENTAL SERVICES INC. Subject of Report:

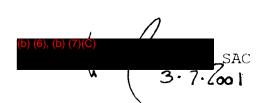
Syracuse, NY RAC

Approving Official and Date:

Investigation Summary December 17, 1999 to March 5, 2001 Copies to: Relat

Related Files:





SYNOPSIS

DETAILS

As noted above, during this time period five subjects associated with this investigation entered guilty pleas within the U.S. District Court for The Northern District of New York in response to criminal pleas negotiated with the United States Attorney's Office. The subjects were all employees of Analytical Labs of Albany Inc. (ALA), a laboratory which was alleged to be secretly owned by the President of AAR, namely (5)(6)(7)(6)

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who entered $\frac{(b)(6)}{(b)(7)}$ plea on September 21, 2000. The subjects were charged with a number of felony criminal charges some of which included Conspiracy to violate the Clean Air Act, Mail Fraud and the filing of false Federal income tax returns, however their criminal pleas and related cooperation agreements associated with each of their criminal information(s)detail a felony charge of 18 U.S.C. 371 for each subject (Conspiracy to defraud the United States).

It should be noted that the referenced guilty pleas have come in response to a detailed criminal investigation, numerous interviews, document reviews, proffers and the previously referenced search warrants. The investigation was initiated by EPA-CID, however the full assistance of IRS-CID, Army-CID, U.S.Postal Inspection Service, HUD-OIG and The New York State Office of The Inspector General has led to the referenced guilty pleas. The investigation established that ALA and its managers had been routinely falsifying air monitoring reports for AAR and that the company (ALA) had in fact been secretly co-owned by President of AAR.

At this point in time, this investigation is continuing with the full focus being placed on AAR Environmental Services Inc. and its managers and employees. Accordingly, the sentencing of the five ALA defendants will be indefinitely delayed to allow for their (b) (6), (b) (7)(C) /Trial testimony should it be needed. As noted above, the AAR investigation has been delayed due to an extensive investigation and trial proceedings related to another asbestos investigation, namely, A Plus Environmental Services Inc. and b) (6), (b) (7)(C) (0202-0027).

and S/A October 26, 1999, S/A at their interviewed $\binom{(b)}{(b)}\binom{(b)}{(b)}$ and $\binom{(b)}{(b)}\binom{(b)}{(b)}\binom{(b)}{(c)}$ residence in Clifton Park, New York. It should be noted that these interview transpired while the search warrants were commencing at AAR and ALA. (b) (6), (b) (7)(C) named was a co-owner of ALA with (b) (6), (b) (7)(C) . Additional details are noted in the IAR attached to this report.

On December 20, 1999, S/A spoke with Attorney for AAR relating to the receipt of subpoenaed documents and records from AAR. S/A (0)(6),(b)(7) conversation relating to this matter are detailed in the referenced IAR attached to this report.



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0009-08-66492-45657

On January 18, 2000, a telephonic interview by S/A (b) (6), (b) (7) (c) was conducted with ALA who works in the Laboratory reading samples. (b) (6), (b) (7) (c) advised (b) (6), (b) that (c) had heard rumors that (b) (6), (b) (7) (c) Lab Director was changing results however (c) had no direct knowledge regarding the matter. (b) (6), (b) (7) (c) interview is fully detailed in an IAR which is attached to this ISR.

On January 25, 2000, S/A (b)(6)(b)(7)(c) served a subpoena on (b)(6)(b)(7)(c) , Senior Sales and Service Representative for Fleet Bank and this subpoena related to the request of information relating to RASH Services. Additional details related to this matter are outlined in the attached IAR.

On June 6, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) interviewed (b) (6), (b) (7)(C) and S/A (c), (c) in Watervilet, New York relating to AAR and A Plus Environmental. (b) (6), (b) (7)(C) advised investigators that a rumor was circulating that (b) (6), (b) (7)(C) of A Plus and (b) (6), (b) (7)(C) of AAR had teamed up in their defense

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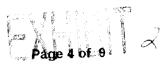
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efforts relative to the ongoing criminal investigations. Additional details are noted in the attached IAR.

On June 6, 2000, S/A conducted an interview of b(6),(b)(7)(c) at the Hampton Inn, Latham, NY. The purpose of this interview related to the on-going criminal investigation of ALA and AIR. (b)(6),(b)(7) stated that contact with ALA came as as result of ALA being a sub-contractor for International Technologies (IT) where has worked for six years. (b)(6),(b)(7) strongly suggested that investigators interview (b) (6),(b)(7) strongly suggested that investigators interview (c) who worked at ALA from 1995-1998. (c)(6),(b)(7) assisted investigators by helping to arrange this interview on the following day. Additional details related to this interview are noted in the attached IAR.

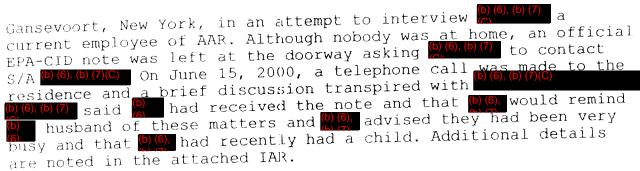
IRS-CID and S/A (b) (6), (b) (7) On June 7, 2000, S/A at (b) Gloversville, , EPA-CID, interviewed (b)(6),(b)(7)(C) New York residence. It was noted that (b) (6), (b) (7) had worked in the asbestos industry since 1993 and that be is a former employee of American Manpower whose named later changed to Twin Cities and told investigators that was operated by (b) (6), (b) (7)(C) almost every project (b) did while at Twin Cities was for AAR, as Twin Cities did not have the equipment or resources to bid and complete asbestos projects on their own. (b) (6), (b) (7)(C) named (b) (6), (b) (7)(C) and (b) (6), (b) (7)(C) as being AAR supervisors who were on-site at various asbestos abatement projects and that all had given instructions to remove asbestos dry. Additional details are noted in the attached IAR.

On June 7, 2000, S/A (b) (6), (b) (7)(C) and S/A (b) (6), (b) (7)(C) visited the residence of (b) (6), (b) (7)(C)



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attempted to and S/A On June 7, 2000, S/A interview (b) (6), (b) (7)(C) at (b) (6), (b) (7) when approached by agents advised on already had counsel and did not wish to talk. Further details relative to this matter are noted in the attached IAR.

conducted a telephonic On June 9, 2000, S/A after had contacted the Syracuse interview with (b)(6),(b)(7)(C)Resident Agency. (b) (6), (b) (7)(C) advised that (b) had worked for ALA from January 1998 through February 2000. (6) (6), (6) (7)(C) stated that 80% of ALA's jobs were with AAR. (b) (6), (b) (7)(C) stated that (b) had seen AAR employees working on asbestos jobs while in the hotzone without respirators and that had documented (6)(6) observations in (6)(6), logs. (b) (6), (b) (7)(C) stated that AAR would commonly utilize glovebags at the onset of an asbestos abatement job, however their usage would be discontinued as the job progressed. Additional details related to this interview are noted in the attached IAR.

On June 9, 200<u>0</u> and on June 11, 2000, S/A (b) (6), (b) (7)(C) placed a former air-tech at ALA telephone calls to (b) (6), (b) (7)after it had been learned had moved to Arizona. On June 11, 2000 a brief discussion transpired regarding the on-going AAR investigation. Upon questioning, (b) (6), (b) (7) was uncertain of various dates and advised b was about to embark on (6) (6). honeymoon and that the discussion could transpire at a later date. On June 13, 2000 it was learned that (0)(6),(0)(7) had obtained legal representation therefore the promised interview did not transpire. Additional details regarding this matter are detailed in the attached IAR.

and S/A On June 22, 2000, S/A interviewed (b) (6), (b) (7)(C) at (b) (6), Gloversville, New York, residence. (b) (6), (b) advised the attending investigators that (c) had worked in the asbestos industry for American Manpower and that it

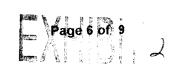
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was common for American Manpower and AAR employees to remove asbestos without glove bags and without proper containment. It was noted that had started in the asbestos industry in 1993 with American Manpower. While at American Manpower (6)(6), named as the Manager who would give the orders to remove asbestos dry and that (6) (6), (6) (7) would get (6) (6), orders from (b) (6), (b) (7)(C) of AAR. Additional details relative to this interview are detailed in the attached IAR.

On February 16, 2001, an interview of (b) (6), (b) (7)(C) Assistant Superintendent of Schools for Business, East Greenbush Central School System was conducted by S/A (b) (6), (b) (7)(C) CID. (b) (6), (b) (7)(C) provided information that a decision had been made to review work completed by AAR within their school distrcit after it had been learned that AAR was under criminal investigation by The Department of Justice. It was noted that the services of a private environmental consultant were retained to perform these referenced re-inspections. Accordingly Entek Environmental & Technical Services was retained to perform inspections at Green Meadow Elementary School and Goff Middle School whereupon asbestos related problems were found. Additional details related to this interview are outlined in the attached TAR.

telephonically On February 27, 2001, S/A , a former AAR employee who had interviewed (b) (6), (b) (7)(C)worked at AIR for approximately six years. During the interview Projetti provided information relating to AAR employee/supervisor and it was noted that (b) received special benefit/perks for finishing asbestos jobs ahead of schedule. (6), (b) (7)(C) wishes to cooperate with EPA-CID and will likely consent to a full interview after checking with (6) (7) personal attorney. Additional details related to this matter are noted in the attached IAR.

On February 28, 2001, (b) (6), (b) (7)(C) was telephonica<u>llv</u> interviewed regarding (b) (6). Former employer ALA by S/A (b) (6), (b) (7)(C) (b)(6)(b)(7) stated (c) worked at ALA from February 1997 through early 2000 when ALA closed its doors. (b) (6), (b) (7) told S/A (b) (6), (c) that when worked as an air technician at ALA had observed AAR employees doing illegal activities during asbestos abatement projects. (b) (6), (b) (7) told S/A (b) (6). that (b) was sent to the Ford Motor Company project because AAR was caught doing illegal removal by an inspector from (b) (6), (b) (7)(C) Inc. Additional details relating to this matter are outlined in the attached IAR.



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<u>SUBJECTS</u>

1	(h) (6) (h) (7)(C)		
	(b) (6), (b) (7)(C)	President of AARCII	22196
	AAR Environmental	Services IncCII	22197
	NHD, Inc		22198
	R.A. Bender, Inc.		22199
	Analytical labora	tories of Albany, IncCII	22526
(D)	(b) (6), (b) (7)(C)	President of ALACII	23703
(D)	(b) (6), (b) (7)(C)	A Project ManagerCII	25264
(D)	(b) (6), (b) (7)(C)	ALA Lab DirectorCII	23704
(D)	(b) (6), (b) (7)(C)	ALA Executive DirectorCII	23705
(D)	(b) (6), (b) (7)(C)	Chief Executive OfficerCII	23706

DISPOSITION

As noted above, during this time period five subjects associated with this investigation entered guilty pleas within the U.S. District Court for The Northern District of New York in response to criminal pleas negotiated with the United States Attorney's Office. It should be noted that all of these subjects were from ALA.

e subjects include CEO of ALA, President of ALA, (b) (6), (b) (7)(C) Project Manage, Laboratory Director of ALA and (b) (6), (b) (7)(C) Project Manager of ALA, Executive Director of ALA. Each of these subjects entered their guilty pleas on February 24, 2000, with the exception of (b) (b) (b) (c) who entered (b) (6) plea on September 21, 2000.

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The subjects and were charged with felony criminal charges including Conspiracy to violate the Clean Air Act 42 U.S.C. 7413(c) and Mail Fraud 18 U.S.C. 1341. was also charged with a felony namely, Conspiracy to violate the Clean Air Act. (b) (6), (b) (7) was charged with the same as 0 (6), (6) (7) and (6) (6), but also received additional felony charges relating to the filing of false Federal income tax returns 26 U.S.C. 7206(1).

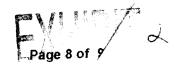
It should be noted however, that due to the cooperation by all, that each of their criminal pleas and related cooperation agreements/criminal information(s)detail a felony charge of 18 U.S.C. 371 for each subject (Conspiracy to defraud the United States). It should be noted that attached to this report is each defendants criminal information as well as their respective plea and cooperation agreement.

Sentencing of these defendants will be delayed indefinitely until it is determined if their (b) (6), (b) (7)(C) Trial testimony will be needed in the future.

ATTACHMENTS

Criminal Information and Plea Agreement for IAR Interview of on 10/26/99 IAR Interview of on 12/21/99 IAR Interview of on 01/13/00

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